

The Golden Rule Insurance Company (GRI) rate filing 2015-005934-R requested an average rate increase of 11.5% with a minimum increase of 10.0% and a maximum increase of 15.7%.

This filing will impact an estimated 1,225 current members. GRI will not be actively marketing these plans but will make them available upon request. The company estimates that by December 31, 2016 only 1,001 members will be active.

The premium rates were developed from the company's claims experience of existing underwritten policies during calendar year 2013. The claims experience was adjusted for the following items:

- a) Changes in benefits (additional benefits under ACA),
- b) Removal of the effect of existing exclusionary riders,
- c) Changes in demographics,
- d) Changes in morbidity (underwritten experience to a new guaranteed issue product),
- e) Pooling of large claims exceeding \$50,000 and
- f) Claims cost trend at an annual rate of 8%.

The annual trend rate of 8% was not supported by actual claims experience, but the annual trend rate of 8% is comparable to the annual trend used by other issuers for other current rate filings.

The allowed claims from the prior rate filing 2014-005415-R was \$115.48 PMPM for 2013. The allowed claims from the current filing 2015-005934-R is \$154.84. The experience was for the same benefit plans and indicates an annual change of 34%. If the company had based the premium rates on the 2014 experience the requested premium rates would have been higher.

The ratio of incurred claims to allowed claims from the 2015 URRT was 65.3% and from the 2016 URRT was 67.5%. The change was due to the mix of plans assumed to the actual plan distribution issued. This change increased incurred claims by 3.4% which is in addition to the 8% allowed claim cost trend.

The breakdown of the premium for 2016 versus 2015 is shown below:

	2015	2016	Change
a) Administration	9.9%	8.0%	-19.2%
b) Quality Improvements	0.2%	0.2%	0.0%
c) Commission	8.0%	5.0%	-37.5%
d) State Premium Tax	1.5%	1.5%	0.0%
e) Assessment	0.5%	0.5%	0.0%
f) Reinsurance Fee	1.4%	0.8%	-42.9%
g) Risk Adjustment User Fee	0.0%	0.0%	0.0%
h) Insurer Fee	2.1%	2.0%	-4.8%
i) PCORI Fee	0.1%	0.1%	0.0%
j) Federal Income Tax	1.5%	3.2%	113.3%
k) Net Profit Margin	0.7%	4.0%	471.4%
l) Net Incurred Claims	74.0%	74.7%	0.9%

The anticipated MLR for 2016 is 81.6% compared to the anticipated MLR for 2016 of 80.0%.

The filed premium rates for GRI as filed are not inadequate or excessive.